



SEN. GEORGE RUNNER (RET.)

MEMBER
STATE BOARD OF EQUALIZATION
CALIFORNIA'S TAX BOARD

June 10, 2014

Senator Alex Padilla, Chair
Senate Energy, Utilities and Communications Committee
State Capitol, Room 5046
Sacramento, CA 95814

RE: ASSEMBLY BILL 1717 (PEREA) – PREPAID MOBILE TELEPHONY SERVICES SURCHARGE • SUPPORT •

Dear Senator Padilla,

I am writing in support of Assembly Bill 1717, which creates a statewide point-of-sale system for the collection of wireless communication taxes from consumers of prepaid wireless services. The bill will establish fairness and equity among taxpayers. Currently, postpaid wireless customers must pay taxes on their monthly bills, while prepaid wireless customers are not required to do so because they don't receive a monthly bill. AB 1717 recognizes that all taxpayers who benefit from the availability of emergency telephone services should share in the cost of the service.

The bill will protect "911" emergency service number expenses funded by the State Emergency Telephone Number Account by guaranteeing a minimum annual payment to the Prepaid MTS 911 Account. If the Prepaid MTS 911 Account does not achieve the specified funding guarantee amount, providers of prepaid wireless services must make up the difference based on their pro rata share of total California intrastate prepaid mobile telephony services revenue, thereby ensuring the fund will always be whole, and emergency services will not suffer any impact from the new collection system.

Under AB 1717, Board of Equalization (BOE) will oversee this new point-of-sale collection system, just as it administers all taxes collected at point-of-sale by retailers. Requiring the BOE to administer the program will result in greater administrative efficiencies by maximizing existing state resources to build on the current collection and administration process used to collect taxes from retailers.

AB 1717 will level the playing field among users of mobile telephony services and will result in efficient tax administration. For these reasons, I support the bill and urge your "aye" vote when it is heard before the Senate Energy, Utilities and Communications Committee on June 17.

Sincerely,

GEORGE RUNNER
Second District

cc: Assemblymember Perea
Kerry Yoshida, Consultant, Senate Republican Office of Policy